	Exhibit F	-40, Budget Item Ju	stific	cation Sheet			Date:		February 2004		
Appropriation / Budget Activity/	/Serial No:				P-1 Item Nomencla	ture:	•				
Procurement, Marine Corps (1	109) / Weapons and Tracked Combat Ve	hicles (2)						AAV7A1 PIP			
Program Element:		Code:		Other Related Prog	ram Elements:						
020210	00M Divisions (Marine)	А									
	Prior Years	FY2	003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	To Complete	Total Prog
Proc Qty											
Gross Cost	378.4	117	7.2	104.2	58.6	10.6	17.8	44.8	44.0	0.0	775.6
Less PY Adv Proc											
Plus CY Adv Proc											
Net Proc (P-1)	378.4	117	7.2	104.2	58.6	10.6	17.8	44.8	44.0	0.0	775.6
Initial Spares	9.9	0.	2	0.0	0.0	0.0	0.0	1.6	1.6	0.0	13.3
Total Proc Cost	388.3	117	7.4	104.2	58.6	10.6	17.8	46.4	45.6	0.0	788.9
Flyaway U/C											
Wpn Sys Proc U/C											

The Assault Amphibious Vehicle 7A1 Product Improvement Program (AAV7A1 PIP) is for the procurement of modification kits/assemblies that have been tested, reviewed and approved by the Marine Corps. These modifications, separate from the AAV Reliability, Availability, and Maintainability/Rebuild to Standard (AAV RAM/RS) effort, provide significant improvements to reliability, maintainability, battlefield survivability, combat capability and operational safety. These modifications implement improvements based upon Fleet Marine Forces' Deficiency Reports and Beneficial Suggestions.

The Enhanced Appliqué Armor Kit (EAAK) provides the AAVP7A1 and AAVC7A1 with protection against 14.5 mm rounds and overhead fragmentation blast. The EAAK that is currently utilized was fielded in 1991. The paint system utilized on the armor proved to be inadequate for extended AAV waterborne operations. As a result, more then 500 sets of EAAK have been washed out of the system due to corrosion since original fielding. Current projections are for a washout rate of 55 to 60 systems per year. As age and usage increases, the washout rate continues to increase. This reprocurement will replace the unserviceable armor and provide improved corrosion protection. A contract was awarded to Rafael Corporation.

The AAV RAM/RS vehicle has been developed to reduce the constantly increasing operational and support costs of the AAV7A1 Family of Vehicles (FOV). The AAV RAM/RS vehicle incorporates major modifications to the existing vehicle design that specifically address the top three Operational and Support cost drivers (Engine, Transmission and Suspension system) of this platform, thereby reducing overall life-cycle costs and providing a cost effective transition from the current AAV to the future Advanced Amphibious Assault Vehicle (AAAV).

The AAV Recovery variant (AAVR7A1) is the primary maintenance and recovery vehicle of the AAV family of vehicles and is an alternate source of maintenance and recovery for other elements of the Marine Expeditionary Force. This initiative replaces the AAVR7 aging and discontinued unique subsystems to sustain the vehicles capability and improve its supportability, readiness and safety throughout the remaining service life of the vehicle.

Modification **Installing Agent** Installation End Item AAV7A1 Mod Kits Various Begin: Various End: Various AAV7A1 FOV **FMF** FAAK Begin: FEB 04 End: JUN 05 AAV7A1 FOV AAV RAM/RS MCLB Albany Begin: OCT 98 End: DEC 05 AAV7A1 FOV AAVR7A1 Upgrade MCLB, UDLP, FMF Begin: DEC 07 End: DEC 09 AAVR7A1

Exhibit P-5, Weapon WPN SYST Cost Analysis		Appropriation/ Budget Activi curement, Marine Corps (11 Vel	•	d Tracked Combat	P-1 Line Ite	m Nomenclature: AA\	/7A1 PIP		Weapon System	Туре:	Date: February	2004
Weapon System	ID				FY 03			FY 04			FY 05	
Cost Elements	CD			TotalCost	Qty	UnitCost	TotalCost	Qty	UnitCost	TotalCost	Qty	UnitCost
				\$000	Each	\$	\$000	Each	\$	\$000	Each	\$
AAV MOD KITS				5752	VAR	VAR	8133	VAR	VAR	7705	VAR	VAR
AAV RAM/Rebuild Hardware				56831	147	386605	55198	132	418167	31437	60	523950
Labor Teardown of Vehicles For Next FY SUBTOTAL				38103 94934		380003	37849 93047	132	410107	18463 49900	60	323930
SUPPORT COSTS Engineering/Program Mgt Spt ILS (Tech Manuals, Training) SUBTOTAL												
AAV Enhanced Applique Armor Kit (EAAK) Non-Recurring Start-Up Cost SUBTOTAL				16549 16549		41896	2976 2976	70	42514	991 991	25	39640
TOTAL Active Reserve				117235 117038 197			104156 10722 93434			58596 57868 728		

Remarks:

FY05 AAV RAM/Rebuild funding is the result of PR05. The unit cost increase in FY05 is the result of a reduced quantity of vehicles.

FY04 AAV Ram/Rebuild funding of \$14.250M was a Congressional Plus-up and \$78.797M was the result of IFF Supplemental for the rebuild of 132 vehicles.

FY03 AAV RAM/Rebuild funding includes \$56.9M in supplemental funding from Operation Iraqi Freedom.

EAAK Unit costs vary due to long lead material procurement in order to keep a constant production rate.

	Exhibit P-5a, Budget Procureme	nt History a	and Planning					Date:	February 2	2004
Appropriation / Budget Activity/Serial No:		Weapon Syst			P-1 Line Item	Nomenclatur	e:		r cordary .	2004
Procurement, Marine Corps ((1109) / Weapons and Tracked Combat Vehicles (2)						AAV7A1 PIP			
WBS Cost Elements:	Contractor and Location	Contract Method	Location of PCO	Award Date	Date of First	QTY	Unit Cost	Specs Avail?	Date Revsn	RFP Issue Date
Fiscal Years		and Type			Delivery	Each	\$		Avail	
AAV MOD KITS										
FY 03	Various	VAR	Various	Var	Var	VAR	VAR	Yes	N/A	N/A
FY 04	Various		Various	Var	Var	VAR	VAR	Yes	N/A	N/A
FY 05	Various	VAR	Various	Var	Var	VAR	VAR	Yes	N/A	N/A
AAV RAM/REBUILD										
FY03	MCLB,Albany	WR	MCSC	Oct-02		147	386605		N/A	N/A
FY04	MCLB,Albany	WR	MCSC	Mar-04	Oct-04	132	418167	Yes	N/A	N/A
FY05	MCLB,Albany	WR	MCSC	Oct-04	Jan-05	60	523950	Yes	N/A	N/A
EAAK										
FY03	Rafael, WASH D.C.	FFP	MCSC	Oct-02					N/A	N/A
FY04	Rafael, WASH D.C.	FFP	MCSC	Oct-03	Oct-04	70	-	Yes	N/A	N/A
FY05	Rafael, WASH D.C.	FFP	MCSC	Oct-04	Oct-05	25	39640	Yes	N/A	N/A

REMARKS:

AAV RAM/Rebuild - Labor / Material for rebuild directed to Marine Corps Logistics Bases. Contracts for hull modifications and engines are sent to industry.

Unit cost increase due to MCLB cost growth based on the hours per vehicle being higher than projected.

INDIVIDUAL MODIFICATION February 2004 Date AAV MOD KITS MODIFICATION TITLE: MODELS OF SYSTEMS AFFECTED: AAV7A1 Family of Vehicles (Modification kits and secondary repairables) DESCRIPTION / JUSTIFICATION: The AAV7A1 Modification Kits Program is for the procurement of modification kits/assemblies that have been tested, reviewed and approved by the Marine Corps. Modifications such as .50Cal MG mod, and Fan Mod Assembly are separate from AAV RAM Rebuild and provide significant improvements to vehicular reliability, maintainability and operational safety. These modifications are also a method by which Fleet Marine Forces (FMF) Quality Deficiency Reports and Beneficial Suggestions are implemented. DEVELOPMENT STATUS / MAJOR DEVELOPMENT MILESTONES: APPROVED FOR SERVICE USE Installation Schedule: Pr Yr FY 2003 FY 2004 FY 2005 Totals 4 **VARIOUS VARIOUS** VARIOUS Inputs Outputs **VARIOUS VARIOUS VARIOUS** Reserve Non-Add various for all FYs FY 2006 FY 2007 FY 2008 FY 2009 Totals Complete 1 **VARIOUS VARIOUS VARIOUS VARIOUS** Inputs Outputs **VARIOUS VARIOUS VARIOUS VARIOUS** METHOD OF IMPLEMENTATION: Field ADMINISTRATIVE LEADTIME: PRODUCTION LEADTIME: VAR Months VAR Months Contract Dates: FY 2000 N/A FY 2001 N/A FY 2002 N/A Delivery Date: FY 2000 N/A FY 2001 N/A FY 2002 N/A

						IN	DIVIDU	AL MOD	IFICATIO	N							Date		Febru	ary 2004	
MODIFICATION TITLE (Cont):			AA	V MOI	D KITS	2															
FINANCIAL PLAN: (\$ in Millions	s)																				
	Prior \				2003		2004		2005		2006		2007		2008		2009		ТС	TO	TAL
	Qty	\$		Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$
RDT&E PROCUREMENT Kit Quantity Inst Kits, Nonrecurring		7.358		VAR	5.752	VAR	8.133	VAR	7.705	VAR	10.080	VAR	16.709	VAR	9.992	VAR	8.717	VAR	Cont.		74.446
Equipment, Nonrecurring																					
EAAK																					
Other																					
Installation of Hardware FY 2000 Eqpt Kits FY 2001 Eqpt Kits FY 2002 Eqpt Kits FY 2003 Eqpt kits FY 2004 Eqpt kits FY 2005 Eqpt kits FY 2006 Eqpt kits FY 2007 Eqpt kits (FY(TC) Eqpt (xx kits)																					
Installment Cost		7.250			E 750		0.400		7 705		10.000		16 700		0.000		0.747				74.446
Total Procurement Cost		7.358			5.752		8.133		7.705		10.080		16.709		9.992		8.717				74.446

Enhanced Applique Armor Kits (EAAK) MODIFICATION TITLE: MODELS OF SYSTEMS AFFECTED: AAV7A1 Family of Vehicles (Modiification kits and secondary repairables) DESCRIPTION / JUSTIFICATION: Enhanced Applique Armor Kits (EAAK): EAAK provides protection from threats up to and including 14.5 mm projectiles and blast fragmentation from up to 155 mm projectiles. EAAK was originally procured in 1991 and was expected to last until the fielding of the AAAV. With AAAV program delays, the existing stocks of EAAK have experienced severe deterioration due to salt water corrosion. The replacement EAAKs will be chemically treated to prevent this type of corrosion. DEVELOPMENT STATUS / MAJOR DEVELOPMENT MILESTONES: TDP reviewed by both the vendor and PM and now incorporates all corrosion preventive measures. Installation Schedule: Pr Yr FY 2003 FY 2004 FY 2005 Totals 3 4 Inputs Outputs 93 93 107 83 87 75 38 FY 2006 FY 2007 FY 2008 FY 2009 То Totals 3 Complete Inputs Outputs 12 12 602 METHOD OF IMPLEMENTATION: ADMINISTRATIVE LEADTIME: PRODUCTION LEADTIME: Depot/Contractor 4 Months 12 Months Contract Dates: FY 2003 OCT 02 FY 2004 OCT 03 FY2005 OCT 04 Delivery Date: FY 2004 AUG 03 FY 2004 OCT 04 FY2005 OCT 05

February 2004

Date

INDIVIDUAL MODIFICATION

INDIVIDUAL MODIFICATION February 2004 Date Enhanced Applique Armor Kits (EAAK) MODIFICATION TITLE (Cont): FINANCIAL PLAN: (\$ in Millions) Prior Years FY 2003 FY 2004 FY 2005 FY 2006 FY 2007 FY 2008 FY 2009 TC TOTAL Qty Qty \$ Qty Qty Qty \$ Qty \$ Qty Qty \$ Qty Qty \$ Qty \$ RDT&E PROCUREMENT Kit Quantity 4.932 70 2.976 0.494 0.493 395 16.549 25 0.991 12 12 514 26.435 Inst Kits, Nonrecurring Equipment, Nonrecurring 0.243 0.243 FY 2002 FY 2003 86 481 395 FY 2004 70 70 FY 2005 25 25 12 FY 2006 12 FY 2007 12 12 **Total Procurement Cost** 88 5.175 395 16.549 70 2.976 25 0.991 12 0.494 12 0.493 602 26.678

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